

7

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GOVERNMENT PROMULGATES TAX REGULATIONS
ON LAND, BUSINESSES, AND INCOMES

Regulations for the collection of Shanghai land tax for the second-half of 1950 are practically the same as those for the first half with certain revisions that tighten up on exemptions. There is some reduction in the general rate, largely neutralized by raises in special rates or elimination of exemptions. The rate of fines for delinquency is considerably reduced.

Publicly operated, or joint publicly and privately owned enterprises pay business and income taxes as well as private enterprises. Enterprises are divided for tax purpose into regular, temporary, and street-stall enterprises. The methods of tax collection for the latter two classes are not included in this set of regulations. Heavy fines are provided for evasion, falsification of accounts, refusals to pay, and delinquents. Review boards are provided for. Informers will be rewarded on a percentage basis.

SHANGHAI GOVERNMENT ISSUES LAND TAX REGULATIONS -- Shanghai, Ta Kung Pao,
1 Nov 50

Regulations governing the collection of land tax for the second 6 months of 1950 have been promulgated by the Shanghai Municipal government. Collection is to begin 6 November.

The following regulations, which were issued for the collection of taxes for the first half of 1950, are applicable, except where amended by the attached revisions:

1. Except for cases exempt by the law, the land tax for the first 6 months of 1950 should be collected in accordance with these regulations.
2. Land tax shall be collected from the owner or the holder of a mortgage on the land. In case of an absentee landowner or his legal representative, the regular lessee may be asked to pay the tax. In cases where the title is not clear, the present occupant may be asked to pay the tax.

- 1 -

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50X1-HUM

3. The tax rate for the first half of 1950 shall be .0075 of the standard valuation. The standard valuation shall be considered to be 10 [sic] times the revised standard valuation used for the collection of land tax for the second half of 1949.

4. Also, 15 percent of the amount of the assessment shall be added for local government use.

5. Collections shall begin from 5 April [1950]. For the convenience of the taxpayers, the collection will be by areas and with progressive dates for the various areas. Collections coming after the end of April shall be adjusted in accord with the May commodity price index.

6. The following types of real estate may have their land tax reduced or be exempted:

a. Public land or land used for public purposes or by the public may be tax exempt, with the exception of government railway land used by publicly operated enterprises or other public land producing income which shall not be tax exempt.

b. In accord with the law, land for which grain levies are paid in installments shall be exempt from the land tax [sic].

c. Land used directly for social welfare purposes is tax exempt.

d. Land used directly by private schools, hospitals [presumably campus or grounds], or other related enterprises, may receive tax reductions of from 20-50 percent.

e. Tax reductions may be granted families of veterans and heroes that may be in needy circumstances.

f. Others may receive consideration after government investigation and approval.

7. Land with no apparent owners may be managed by the authorities in accord with the provisional law of the municipality for such cases and the taxes due from the land shall be deducted from the earned income.

8. Those whose duty it is to pay taxes, or their agents, should pay the tax within 15 days after the date advertised for the beginning of collection. In case the assessment notice is not received, the responsible parties should go to the tax office within the prescribed period secure the notice, and pay the tax; otherwise, they shall be regarded as delinquent.

9. Delinquents not considered liable for criminal action shall receive an adjustment of their tax according to the current commodity price index, but delinquency fines shall be reckoned on the amount of the tax according to the original index. Delinquency fines shall be levied as follows: 10 days or less 3 percent of the original tax per diem; 10 to 20 days, 4 percent of the original tax per diem; 20 to 30 days, 5 percent of the original tax per diem.

In the cases of those more than 30 days delinquent, except for cases turned over to the court for collection, the fine may be adjusted by consultation in accord with conditions, or the government may carry on as provided for in Article 7 above.

10. These regulations shall be in force from date of promulgation.

- 2 -

CONFIDENTIAL

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REVISIONS

1. Collections for this period shall be on the basis of 70 percent of the rate for the first half of the year 1950, except in certain cases not requiring adjustment.

2. Tax collection for local government funds shall be an additional 30 percent added to the general tax. (Revision of Article 4)

3. Article 5 of the regulation for the collection for the first half of 1950 is hereby rescinded.

4. Railway land shall be taxed the same as other land. (Revision of the Article 6a.)

5. Private schools, hospitals, and independent philanthropic enterprises may apply for tax exemption for lands devoted to their immediate uses. To do so, the controlling organization should present clear documentary evidence of the nature and operations of the organization to the tax bureau for consideration and action approving or denying the application. (Revision of Article 6c and d.)

6. The taxpayer, or his representative, should appear at the designated place and pay the tax as indicated in the assessment sheet sent him by the tax bureau within 10 days of the beginning of the collection period /5 Nov 1950/. If a taxpayer has not received the assessment blank within 5 days of the beginning of the collection period, he should apply in person at the tax bureau and secure it to make payment within the stipulated period. Delinquencies in payment will be dealt with in accordance with previous regulations. (Revision of Article 8.)

7. Delinquents of under one month shall pay a fine in addition to the tax of .005 of the tax per diem. Those delinquent more than a month may be turned over to the courts at the discretion of the tax bureau after careful study of the circumstances.

PROVISIONAL REGULATIONS ON INDUSTRIAL AND COMMERCIAL TAX -- Canton, Nan-fang Jih-pao, 22 Dec 50

These regulations were first promulgated by the Government Administration Council, 31 January 1950. They were amended and passed at the 63d administrative conference of the Government Administration Council on 15 December 1950 and promulgated on 19 December 1950.

I. GENERAL PROVISIONS

In accordance with the regulations stated herein, all profit-making industrial and commercial enterprises in China, regardless of whether they are publicly owned, privately owned, joint publicly and privately owned, or co-operative enterprises, shall be required to pay an industrial and commercial tax in the localities of their businesses.

2. The industrial and commercial enterprises shall transact their business under the following three categories: fixed industrial and commercial enterprises, temporary commercial enterprises, and street-stall enterprises

3. The fixed industrial and commercial enterprises shall pay the following two types of industrial and commercial tax; the business tax and the income tax.

- 3 -

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4. The methods of collecting taxes from the temporary commercial enterprises and street-stall enterprises shall be decided by the Ministry of Finance of the Central People's government.

5. Publicly owned enterprises shall be required to pay the business tax according to amount of business. As for collection of income tax, separate arrangement shall be made. Income tax will not be collected from "tii-ch'u" (提取 literally to fetch; to select) profits.

6. Joint publicly and privately owned industrial and commercial enterprises shall all be required to pay industrial and commercial taxes.

7. The payment of industrial and commercial taxes by cooperative enterprises shall be made in conformity with the law governing the cooperatives. Some cooperative enterprises may be exempt from paying tax. Others may receive reductions in tax payment. Special arrangements shall be made to carry out the collection of tax from cooperative enterprises.

8. The following enterprises shall be exempt from paying the industrial and commercial taxes:

- a. The state-owned special selling and manufacturing enterprises.
- b. Poverty stricken craftsmen and home by-products industries.
- c. Other enterprises approved for exemption by the Ministry of Finance of the Central People's government.

II. TAX RATES

9. The tax rates for the industrial and commercial tax shall be calculated as follows:

- a. The business tax shall be calculated in the following ways:

- (1) One to 3 percent of the total earnings.
- (2) 1.5 percent to 6 percent of the total profit.
- (3) Six to 15 percent from total commissions earned.

A table of different rates for the business tax is provided separately.

- b. Progressive income tax rates range from 5 to 30 percent of total income.

A table of different rates for income tax.

10. According to the needs of the national reconstruction program and the nature of the business, a business may receive a reduction of from 5 to 40 percent in its income tax payment as capital encouragement.

11. In case of industrial and commercial enterprises under one management which cannot be measured by the same yardstick for taxation, taxes shall be computed as follows:

- a. Where one firm carries on concurrently more than two enterprises, figure the tax for each according to the nature of each. In case it is difficult to distinguish, compute for each on the basis of the one yielding the highest tax.

- 4 -

CONFIDENTIAL

CONFIDENTIAL

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50X1-HUM

b. In cases where it is difficult to distinguish whether an enterprise is industrial or commercial, compute the tax according to the commercial scale.

c. In case an industry turns out products simultaneously of differing tax status, employ the scale for the items yielding the lowest tax in computing tax for all the items.

III. REPORTS AND INVESTIGATION

12. Any enterprise opening, changing to another enterprise, or closing down should register with the local bureau of industry and commerce having jurisdiction and receive or turn in its business permit and submit a copy to the tax office for the record.

13. Industries and businesses should fill in the business tax and income tax return forms respectively, with supporting documents and send them to the tax office for auditing.

14. Industries and businesses should set up and maintain a daily journal and a ledger and indicate when business activities began.

15. To be conversant with business conditions and the responsibilities borne by business, the tax agencies shall make periodic as well as unscheduled checks of business houses and industries. The enterprises should cooperate in keeping accurate accounts, and in opening their records to the authorities. None should refuse to permit inspection.

16. All representatives of the tax bureau will carry proper identification. Business houses may refuse to show their books to those not carrying such credentials and should report such persons to the tax office.

IV. RECKONING AND PAYING TAXES

17. Commercial firms should reckon their taxes as follows:

a. The total gross income is found by deducting business discounts allowed and value of goods returned from total sales figures.

b. The gross income should include gratuities, fees, remittance fees, interest, insurance premiums, and other similar profit items. Costs and expenses may not be deducted except in the cases of insurance companies who may deduct payments made to policy holders on losses.

c. Profits from commissions should be reckoned as gross income with no deductions for costs or other expenses.

18. Income shall be considered to be the total receipts for the calendar year, or portion thereof, during which business operations were actually carried on, less costs, expenses, and losses.

19. Industries and businesses should compute their taxes before issuing bonuses.

20. Tax agencies shall use the following methods of collection according to conditions:

a. Where accounting systems are recognized by tax agencies as adequate so that there is assurance of a correct reckoning of the tax, the method of voluntary reporting followed by an audit, may be used.

- 5 -

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b. Where the above conditions do not prevail, method of individual report followed by public review and democratic decision shall be used, with the amount of tax decided upon after collation of the materials secured in the investigation.

c. Taxes from businesses shall be collected on the basis of a fixed period, the amount to be determined on the basis of democratic procedure.

21. Business taxes may be paid on the monthly or quarterly basis. When paid on a quarterly basis, the payments should be made in April, August, November, and January, respectively.

The income tax is payable on an estimated basis after the close of the second quarter's business and on the basis of the annual accounting not later than March of the new year.

22. In case a business or industry is reorganized, consolidated, dispersed, sold, goes bankrupt, closes down, or goes into the hands of a liquidator, the business and income taxes for the period of operation should be reported and paid within the stipulated period for such action.

23. To handle cases occurring under Article 20b above, a democratic board of review shall be organized. The details of the organization and operation of this board shall be provided for separately.

V. PENALTIES

24. Violators of Articles 12, 13, 14, 15, or 22 above, may be fined not more than 1 million yuan.

25. False reporting of business conditions and income tax amounts will result in the imposition of a fine, in addition to payment of the original tax, of from two to ten times the original amount of the tax. Fabricators of false records, or those who refuse to pay their tax shall be turned over to the courts in serious cases.

26. Informers of violations of the above two articles may receive from 20 to 30 percent of the fines imposed as reward.

27. Delinquents shall be fined 1 percent [of their tax] per diem for each day of delinquency. Increase or decrease of this percentage is possible only on order of the Ministry of Finance of the Central government.

VI. BY-LAWS

28. The details covering the implementation of these regulations shall be issued separately by the Ministry of Finance of the Central government.

29. These regulations shall be in effect from the date of promulgation.

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- 6 -

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